

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL
Chairman
3 JIM IRVIN
Commissioner
4 MARC SPITZER
Commissioner

5 In the matter of:

) Docket No. S-03472A-02-0000

6 SCOTTSDALE FINANCIAL FUNDING
GROUP, LLC
7 4000 North Scottsdale Road
Scottsdale, AZ 85251

) **TEMPORARY ORDER TO CEASE AND
) DESIST AND NOTICE OF OPPORTUNITY
) FOR HEARING**

8 MARTIN & GRIFFIN, LLC
9 4000 North Scottsdale Road
Scottsdale, AZ 85251

10 GREGORY B. GILL aka GREGORY P. GILL,
11 4015 N. 78th St. #141
Scottsdale, AZ 85251

12 HAYDEN KEITH HOLLAND
13 5618 E. Montecito
Phoenix, AZ 85018-3223

14 TAD L. ULRICH & ASSOCIATES, LLC
15 13386 North 88th Place
Scottsdale, AZ 85260

16 TAD LYN ULRICH
17 13386 North 88th Place
Scottsdale, AZ 85260

18 SENIOR ADVISORY SERVICES, LLC
19 1401 Kimdale Street
Lehigh Acres, Florida 33936

20 WALLACE BUTTERWORTH
21 1411 East Oranewood Avenue #239
Phoenix, AZ 85020

22 Respondents.

23 **NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY**

24 **EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING**

25 **EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

26 The Securities Division ("Division") of the Arizona Corporation Commission
("Commission") alleges that RESPONDENTS SCOTTSDALE FINANCIAL FUNDING

GROUP, LLC, MARTIN & GRIFFIN, LLC, GREGORY B. GILL aka GREGORY P. GILL, HAYDEN KEITH HOLLAND, TAD L. ULRICH & ASSOCIATES, LLC, TAD LYN ULRICH, SENIOR ADVISORY SERVICES, LLC, and WALLACE BUTTERWORTH, engaged in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act (“Securities Act”) and that the public welfare requires immediate action.

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.

RESPONDENTS

2. SCOTTSDALE FINANCIAL FUNDING GROUP, LLC (“SFF”) is an Arizona limited liability company organized on December 14, 1998, and was doing business in Arizona at all pertinent times. Its last known address is 4000 North Scottsdale Road, Scottsdale, Arizona, 85251. It was formerly located at 7336 E. Shoeman Lane, Suite 111, Scottsdale, Arizona 85251.

3. MARTIN & GRIFFIN, LLC (“M&G”) is an Arizona limited liability company organized on August 4, 1998, and was doing business in Arizona at all pertinent times. Its last known address is 4000 North Scottsdale Road, Scottsdale, Arizona. It was formerly located at 7336 E. Shoeman Lane, Suite 111, Scottsdale, Arizona 85251.

4. GREGORY B. GILL aka GREGORY P. GILL (“GILL”) is an individual whose last known address is 4015 N. 78th St. #141, Scottsdale, Arizona 85251. GILL was a principal, owner, officer, director, and/or shareholder of SFF and M&G at all pertinent times, and a purported principal, owner, officer, director, and/or shareholder of Credit Investors, LLCs. On July 20, 1988, a federal grand jury indicted GILL and another co-founder of a company in Newport Beach, California called First Capital Corporation, alleging various instances of mail and wire fraud. A jury convicted GILL on one count of conspiracy and two counts of wire fraud relating to charges of preparing a phony financial statement and guaranty used to defraud investors. GILL was sentenced

1 to five years imprisonment, five years probation, and an order to pay \$89,300 in restitution. GILL
2 appealed the conviction, and the judgment was affirmed by the United States Court of Appeals for
3 the Seventh Circuit in Opinion No. 89-1372, *United States of America v. Gregory B. Gill*, decided
4 on August 3, 1990.

5 5. HAYDEN KEITH HOLLAND (“HOLLAND”) is an individual whose last known
6 address is 5618 E. Montecito, Phoenix, Arizona 85018-3223. At all pertinent times, HOLLAND
7 was a principal, owner, officer, director, and/or shareholder of SFF and M&G, and a purported
8 principal, owner, officer, director, and/or shareholder of Credit Investors, LLCs.

9 6. TAD L. ULRICH & ASSOCIATES, LLC is an Arizona limited liability company
10 organized on March 3, 1999. Its last known address is 13386 N. 88th Place, Scottsdale, Arizona,
11 85260.

12 7. TAD LYN ULRICH (“TAD ULRICH”) is an individual whose last known address
13 is 13386 N. 88th Place, Scottsdale, Arizona, 85260. TAD ULRICH was at all pertinent times
14 managing member of TAD L. ULRICH & ASSOCIATES, LLC. TAD ULRICH and TAD L.
15 ULRICH & ASSOCIATES, LLC may be collectively referred to as “ULRICH”. At all pertinent
16 times, ULRICH was a sales agent for M&G and/or SFF. ULRICH is a licensed insurance salesman
17 in Arizona.

18 8. SENIOR ADVISORY SERVICES, LLC (“SAS”) is a limited liability company
19 organized in the State of Florida on May 10, 1999. Its principal office was identified in corporate
20 filings as 1401 Kimdale Street, Lehigh Acres, Florida 33936. WALLACE BUTTERWORTH
21 (“BUTTERWORTH”) was identified as a managing member. BUTTERWORTH and Roger
22 Lancette applied as “owners” to use SAS as a trade name in Arizona on or about July 24, 1998.
23 SAS’s last known location in Arizona was 1411 E. Orangewood Ave. #239, Phoenix, Arizona
24 85020.

25 9. BUTTERWORTH is an individual whose last known address is 1411 E.
26 Orangewood Ave. #239, Phoenix, Arizona 85020. During the pertinent time period,
BUTTERWORTH was registered as a securities salesman in Arizona. On October 30, 2001,

1 BUTTERWORTH consented to Decision No. 64184, ordering, *inter alia*, revocation of his
2 securities salesman registration for alleged violations of the Securities Act involving the offer
3 and sale of securities in the form of investment contracts that are not the subject of this
4 proceeding. According to the consent order, one of the grounds for BUTTERWORTH's
5 revocation was that he allegedly engaged in dishonest or unethical practices within the meaning of
6 A.R.S. § 44-1962(A)(10) as defined by A.A.C. R14-4-130(A)(17), by effecting securities
7 transactions that were not recorded on the records of the dealer with whom he was registered at the
8 time of the transactions from August to December 1999. SAS and BUTTERWORTH may be
9 collectively referred to as "BUTTERWORTH". At all pertinent times, BUTTERWORTH was a
10 sales agent for M&G and/or SFF. BUTTERWORTH is a licensed insurance salesman in Arizona.

11 10. The respondents may be collectively referred to as "RESPONDENTS".

12 III.

13 FACTS

14 11. On March 29, 2002, the Division filed a Notice of Opportunity for Hearing
15 Regarding Proposed Order for Relief ("Notice") against the RESPONDENTS, in which the Division
16 alleged multiple violations of the Securities Act in connection with the offer and sale of securities in
17 the form of membership interests in limited liability companies ("LLCs"), investment contracts,
18 notes, evidences of indebtedness and/or certificates of interest in profit-sharing agreements within or
19 from Arizona. Each and every allegation contained in the Notice is incorporated herein by this
20 reference.

21 12. All parties have requested a hearing, and the hearing is scheduled to commence on
22 November 4, 2002.

23 13. On May 17, 2002, at the first pre-hearing conference, the RESPONDENTS and the
24 Division appeared through counsel. The RESPONDENTS and the Division agreed to the filing of a
25 Consent Temporary Cease and Desist Order with respect to the offer and sale of securities as alleged
26 in the Notice pending the final disposition of this proceeding by the Commission. *See* Third
Procedural Order dated May 20, 2002, issued by Marc E. Stern, Administrative Law Judge.

14. Since May 17, 2002, the parties through counsel have exchanged several drafts of a negotiated Agreed Temporary Cease and Desist Order, which was finalized and circulated for RESPONDENTS' signatures. The RESPONDENTS have failed to sign the proposed Order.

15. The Division has received information and believes that RESPONDENTS have failed to make distributions due to investors as a result of RESPONDENTS' use of those investor's funds, as alleged in the Notice.

16. Further, the Division has received information and believes that distributions rightfully belonging to investors as the result of RESPONDENTS' use of investor funds, including quarterly distributions by New Horizon Capital, Inc., may be distributed to one or more of the RESPONDENTS to the detriment and loss of investors.

IV.

TEMPORARY ORDER

Cease and Desist from Violating the Securities Act

THEREFORE, based on the above allegations, and because the Division has determined that the public welfare requires immediate action,

1. IT IS ORDERED, pursuant to A.R.S. §§ 44-2032, 44-1972 and A.A.C. R14-4-307, that the RESPONDENTS, their agents, servants, employees, successors, assigns, and those persons in active concert or participation with them CEASE AND DESIST from any violations of the Securities Act.

2. IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in effect for 180 days unless sooner vacated, modified or made permanent by the Commission.

3. IT IS FURTHER ORDERED that RESPONDENTS shall not take control of any distributions, profits, revenue, and proceeds from the purchase or sale of factoring paper from American Business Funding Group, Inc., now known as New Horizon Capital, Inc. Any distributions or returns from the use of investors' funds currently held by, or due in the future from New Horizon

Capital, Inc. shall be left in the control of New Horizons Capital, Inc. to be placed in escrow for the benefit of investors, until the Commission issues a final Order.

4. IT IS FURTHER ORDERED that all distributions, profits, revenue, and proceeds from the purchase or sale of factoring paper and/or consumer debt paper by or on behalf of Martin & Griffin, LLC ("M&G"), Credit Investors, LLCs and/or Scottsdale Financial Funding Group, Inc. ("SFF") shall be placed in escrow for the benefit of investors, until the Commission issues a final Order.

5. IT IS FURTHER ORDERED that all future distributions, profits, revenue, and proceeds from the purchase or sale of factoring paper and/or consumer debt paper by or on behalf of M&G, Credit Investors, LLCs and/or SFF shall be placed in escrow for the benefit of investors, until the Commission issues a final Order.

6. IT IS FURTHER ORDERED that the RESPONDENTS shall notify the Commission of any funds received by RESPONDENTS as a result of the use of investors' funds invested in or through M&G, SFF, and/or Credit Investors, LLCs, until further orders of the Commission.

7. IT IS FURTHER ORDERED that the RESPONDENTS shall not, individually or on behalf of other entities, direct or give consent to the transfer of any interests obtained through the use of investor funds pertaining to the alleged violations herein until further orders of the Commission.

IT IS FURTHER ORDERED that this Order shall be effective immediately.

V.

REQUESTED RELIEF

The Division will request that the Commission grant the following relief against RESPONDENTS:

1. Order RESPONDENTS to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;

2. Order RESPONDENTS to take affirmative action to correct the conditions resulting from their acts, practices or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;

3. Order RESPONDENTS to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036; and

4. Order any other relief that the Commission deems appropriate.

VI.

HEARING OPPORTUNITY

RESPONDENTS may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. Rule 14-4-307. A request for hearing must be in writing and received by the Commission within 20 days after service of this Temporary Order to Cease and Desist. Each RESPONDENT must deliver or mail the request for hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must also be filed with the request for hearing. A cover sheet form and instructions may be obtained from Docket Control at (602) 542-3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary Order shall remain effective from the date a hearing is requested until a decision is entered.** After a hearing, the Commission may vacate, modify or make permanent this Temporary Order, with written findings of fact and conclusions of law. A permanent Order may include ordering restitution, assessing administrative penalties or other action.

If a request for hearing is not timely made, the Division will request that the Commission make permanent this Temporary Order, with written findings of fact and conclusions of law, which may include ordering restitution, assessing administrative penalties or other relief.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shelly M. Hood, Executive Assistant to the Executive Secretary, voice phone number 602/542-3931, e-mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

VII.

ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if any RESPONDENT requests a hearing, the RESPONDENT must deliver or mail an Answer to this Temporary Order and Notice to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Temporary Order to Cease and Desist and Notice of Opportunity for Hearing,. A Docket Control cover sheet must accompany the Answer. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

Additionally, the RESPONDENT must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix Arizona, addressed to Pamela T. Johnson.

The Answer shall contain an admission or denial of each allegation in this Temporary Order and Notice and the original signature of each RESPONDENT or the RESPONDENT's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When a RESPONDENT intends in good faith to deny only a part or a qualification of an allegation, the RESPONDENT shall specify that part or qualification of the allegation and shall admit the remainder. The RESPONDENT waives any affirmative defense not raised in the answer.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this _____ day of
September, 2002.

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1 ORIGINAL AND 13 COPIES filed
2 With Docket Control on this ____ day of September, 2002.

3 Copies of the foregoing mailed on this
4 ____ day of September, 2002, to:

5 Stephen M. Dichter
6 Sally S. Duncan
7 BRYAN CAVE, LLP
8 Two North Central Avenue, Suite 2200
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11 William Foreman
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14 and

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By: _____
Frank Samprone
Special Investigator, Securities Division